

CORN Market



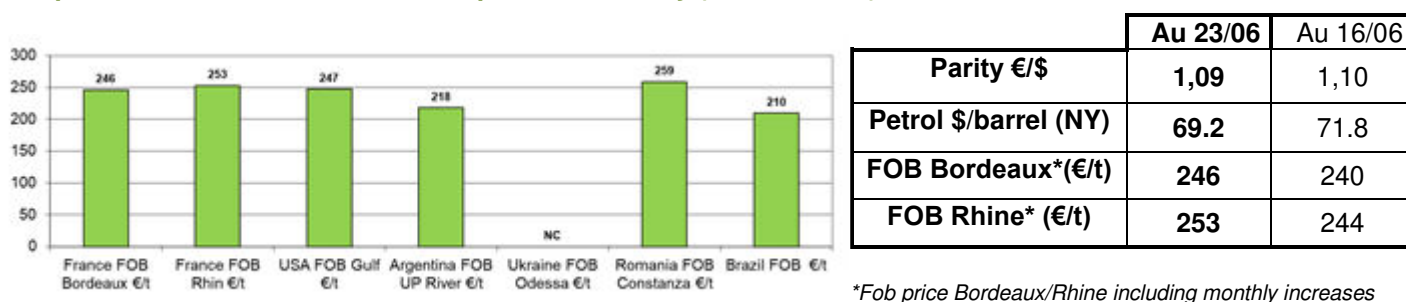
Weekly economic newsletter of the European Confederation of Maize Production

Week 26/2023

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Indicators

FOB prices 23/06/2023 in €/t – June-September delivery (2022 harvest)



WORLD: The weather market at the heart of concerns

From 16/06 to 23/06, the price of July delivery in Chicago fell by \$4/t to \$248/t. Weather conditions remain worrying in the United States, with drought persisting in the Corn Belt and now affecting 64% of maize acreage. This is a considerable increase in just one week, and is reflected in the continuing decline in crop condition. As of 18/06, 55% of US maize was in "good to excellent" condition, 6 points down on the previous week. This is the lowest level recorded since 1992, and a drop of fifteen points compared to last year. For the time being, these weather conditions are not having an irreversible impact on maize yields. Some precipitation is expected early this week in the northern Corn Belt, but this is considered insufficient to make up for the current water deficit.

In addition, oil prices fell back after key interest rates were raised in the UK, Norway and Switzerland, and the FED's worrying comments on galloping inflation raised fears of a recession in the United States. Against this backdrop, the euro weakened against the dollar, making European maize exports more competitive internationally.

The US Environmental Protection Agency has renewed the mandate for the incorporation of bioethanol into fuels for the next 3 years. These announcements have provoked anger among operators, as they have been revised downwards compared with the initial proposals (15 billion gallons of biofuels in 2024 and 2025 compared with the 15.25 billion initially forecast).

In Brazil, the safrinha maize harvest is continuing. Unexpected widespread rainfall in the centre-south of the country has slowed the pace of harvesting, but has been beneficial for late-sown maize. The prospect of a record harvest of over 130 million tonnes is still on the cards. In addition, last week the Brazilian government inaugurated the long-awaited North-South railway, linking the country's two main ports. The 2,200-kilometre railway will serve as the backbone of Brazil's rail system, reducing the cost of transporting domestically produced grain.

EUROPE: Uncertainties remain in the Black Sea

It was a busy weekend on the geopolitical scene following the attempted coup in Russia, heightening uncertainty about the situation in the Black Sea. Kiev announced this week that it was "not very optimistic" about renewing the international agreement on the export of its cereals, which expires on July 18. Despite the conflict and the price squeeze, Ukrainian maize acreage has exceeded expectations and should reach 3.8 Mha, close to the 2022 level (4 Mha).

To be monitored :

- War in Ukraine
- Corn Belt weather
- USDA surface area report
- IGC report